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REPORT

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NATIONAL
CREDIT UNION
ADMINISTRATION

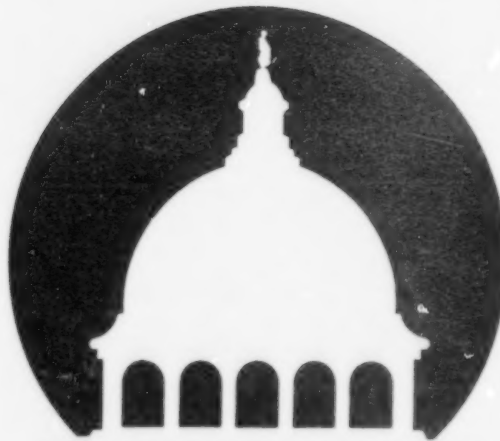
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Roger W. Jepsen
Chairman



Elizabeth F. Burkhart
Vice Chairman





ANNUAL

REPORT

1987

The mission of the National Credit Union Administration is to ensure the safety and soundness of credit unions and to provide a flexible regulatory environment that will facilitate sound credit union development, while efficiently and effectively managing the Agency's resources and the share insurance fund.

NATIONAL
CREDIT UNION
ADMINISTRATION

Contents

Chairman Roger W. Jepsen	4
Vice Chairman Elizabeth F. Burkhardt	5
Building on the Past	6
Objectives Achieved	7
Entering Technological Age	8
Recruiting, Training Emphasized	10
Doing a Better Job	12
Helping Credit Unions	14
Insuring Member Shares	16
Providing Liquidity	18
Financial Results	19
Economic Surprise	27
Federal Credit Unions	28
Historical Data	38
Corporate Credit Unions	42
Board Members	44
Officers	45
Offices	46
Regions	47

Transmittal Letter

NATIONAL CREDIT UNION ADMINISTRATION
WASHINGTON, D.C. 20456
OFFICE OF THE CHAIRMAN

April 1, 1988

The President
The White House
Washington, D.C. 20500

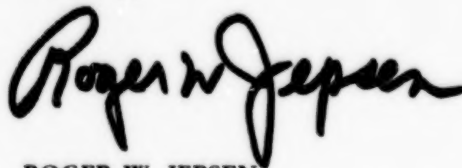
Dear Mr. President:

I am pleased to submit this Annual
Report of the National Credit
Union Administration for 1987.

The report covers the operations of
the National Credit Union Adminis-
tration and includes reports on the
National Credit Union Share Insur-
ance Fund and the Central Liquidity
Facility.

With kindest personal regards, I am

Sincerely,



ROGER W. JEPSEN
Chairman

Chairman

Roger W. Jepsen

Throughout this report you will read of dramatic changes occurring at NCUA in 1987. The numbers and graphs quantify the changes very well, but for my part I would like to add the personal touch, beginning with a sincere expression of gratitude.

When we set out to accomplish our long-range goals, we believed the credit union movement would approve of our intentions. We were not prepared, however, for the outpouring of support which has accompanied our efforts. Whether I am on the road or reading mail in my office, I constantly hear that satisfaction with the changes occurring at NCUA is high. I thank everyone for taking time to communicate with me.

Thanks also and kudos to the NCUA staff, which I will say without reservation is the finest I have ever known. They have worked ceaselessly this year to implement programs that will carry this Agency well into the next decade. I am especially pleased with staff effort to recruit new examiners. Our recruitment program has resulted in exceptionally well-qualified individuals joining the staff.

The magnitude of our efforts this year has been somewhat breathtaking, but the purpose is simple: to serve credit unions and everything they stand for.



Roger W. Jepsen
Chairman

If enthusiasm is contagious, we all have the bug. And this is one bug we want to keep around for a while. I am unequivocally committed to ongoing training and development of our staff, to improvements in supervision as opposed to new regulation, and to the fostering of credit union spirit wherever we can help.

NCUA and credit unions are partners in progress, building on a past that somehow never fades from the present. Our accomplishments in 1987 are now a matter of record. Let the record show that it was a good year for all.

A handwritten signature of Roger W. Jepsen in dark ink. The signature is stylized, with the first letters of the first and last names being large and prominent.

Roger W. Jepsen
Chairman

Vice Chairman
Elizabeth F. Burkhart



Elizabeth F. Burkhart
Vice Chairman

For NCUA 1987 was clearly a year of unprecedented progress. Our plans for staff development, technological advancement and significant enhancements in nearly every aspect of program and administration took form steadily as the year progressed.

I anticipate that 1988 will be a year for fine-tuning all of the far-reaching plans and programs we now have in motion and for continued progress in achieving our Agency goals. While our attention has been focused on improving the operations of the Agency, we recognize that we must not lose sight of our commitment to credit union philosophy and cooperative traditions.

Of necessity that commitment must deal with the steadily declining number of credit unions resulting from mergers and a near absence of new charters at state and federal levels. It must also reflect our concern about bringing credit union services to the less advantaged segments of society that are once again being by-passed by main stream providers of financial services, as they were 50 years ago.

Elizabeth F. Burkhart

Elizabeth F. Burkhart
Vice Chairman

Building on the Past

As the National Credit Union Administration prepares for the 1990s, its Board and staff are aware that they are building on what has gone before.

But a sense prevails that the future will be more complex and more uncertain, that the pace of change is more rapid and that the need for excellence and wise decisions will increase.

This Annual Report for 1987 describes what NCUA has done and is doing to prepare for that complex and uncertain future, even as it remembers its past.

Created by act of Congress in 1934, the Federal credit union system at midyear 1987 consisted of 9,566 credit unions with total assets of \$104 billion. In addition, 5,010 state credit unions with assets of \$56 billion were federally insured. In 1934, only 2,028 state credit unions existed.

The Federal credit union agency had different names and was located in several Federal agencies until 1970 when NCUA was created as an independent agency with a single administrator. In 1970, Congress also established the National Credit Union Share Insurance Fund with insurance coverage of \$20,000 for member accounts, increased to \$40,000 in 1974 and \$100,000 in 1980.

In 1978, Congress replaced the single administrator with a three-member board and established the Central Liquidity Facility as a central bank for credit unions.

Legislation approved in the 1970s brought major changes in the products offered by credit unions and tremendous growth. But losses began to increase in the late 1970s, threatening the Share Insurance Fund. Legislation was approved in 1984 to capitalize the Fund with deposits from insured credit unions. Today it is the best reserved of the Federal deposit insurance programs.

The Bureau of Federal Credit Unions, the predecessor to NCUA, became self-sufficient in 1953 and began receiving its funding from credit union fees. Both the Share Insurance Fund and the Central Liquidity Facility were supported by credit unions from the start, and neither has ever received tax monies.

Credit unions have experienced phenomenal growth in recent years. Savings in Federal credit unions grew 20.7 percent in 1983, 16.1 percent in 1984, 23.6 percent in 1985 and 22.8 percent in 1986. At the same time, deregulation gave them more flexibility and more freedom to establish policies, products, membership and rates. Deregulation and growth have increased the need for close supervision to ensure safety and soundness.

Looking back, NCUA recognizes the work that others have done through the years as it prepares to carry out its future responsibilities to the credit unions it serves.

Objectives

Achieved

Many of the objectives set forth in NCUA's five-year Long Range Plan were achieved during 1987. The Board and senior staff are scheduled to meet early in 1988 to plan for the attainment of the balance of our goals.

In addition, unqualified opinions were received from independent auditing firms for fiscal year 1987 for the three financial entities within the Agency, the NCUA Operating Fund, the National Credit Union Share Insurance Fund and the Central Liquidity Facility.

The long-range plan includes a mission statement, shown on this report's title page, and enumerates three major goals and the objectives to be reached to attain those goals. The plan will be updated regularly.

Objectives included annual examinations of all Federal credit unions, a uniform state/Federal examination and an improved rating system, better coordination with state supervisors and improved supervision of corporate credit unions.

Early identification of problems and trends, improved data collection, a highly competent and well-equipped field force, a flexible regulatory environment and a two-year budget planning process were also listed. All of these objectives were met.

With this ambitious program and an expanding field staff, the NCUA Board moved to strengthen the administration of the Agency and its regional offices. A new position, associate regional director, was created to share administrative duties in the regions, and six experienced staff members were selected to fill these new positions.



Donald E. Johnson
Executive Director

Today, associate regional directors supervise field operations and special actions, while deputy directors are responsible for office operations and for communication with state supervisors, trade and professional associations. In addition, a deputy director of the Office of Examination and Insurances was named.

Looking ahead to the future administrative needs of the Agency, the Board established a management development program which is now in its second year. This program is preparing competitively selected mid-level staff to assume senior positions within the Agency.

Two office changes were made during the year. The office in Region I was moved from Boston to Albany, N.Y., for economic reasons. The Region V sub-office was moved from Denver to Sioux City to better serve the northern Plains states in NCUA's largest geographical region.

During 1987, the 100th Congress gave NCUA more control of its budget and greater leeway in personnel decisions. It exempted Federal financial regulatory agencies from budget sequestration under the Gramm-Rudman-Hollings deficit reduction law. It also protected the Agency from interference with its budget priorities.

NCUA Board members believe communication with the credit union community is especially important. To make this a two-way communication, they attended and participated in many credit union meetings and events throughout the country in 1987.

In addition, the Board holds some of its monthly meetings in cities around the country. During 1987, meetings were held in Biloxi, Miss.; Bismarck, N.D.; Anchorage, Alaska, and Charleston, W. Va.

Entering Technological Age



The age of technology dawned at NCUA during 1987 as credit union examiners moved from paper and pencil to computers and automated examinations and data collection.

When the NCUA Board adopted a long range plan for the Agency in 1986, it recognized the importance of technology in today's business environment. Chairman Jepsen's challenge then was that the Agency "seek the perfect solution" to its automation and communications needs.

Every member of the staff, every department and all regional offices participated in the Agency-wide effort to develop programs and to learn to use the new technology. Today every examiner carries a portable, "lap-top" computer and almost all other staff members have personal computers at their desks.

These computers expedite examinations, data collection, research and analysis. They will enable NCUA examiners and other staff to communicate instantaneously within the Agency and to enter and receive information from the main computer. State supervisory agencies will also be able to use the system.

Automation of the examination process has increased productivity and the quality of examinations. More analytical tools are available to the examiner and there is better quality control. As a result, examiners can provide credit union officers with better information and analysis, and the Agency is in a better position to protect the safety and soundness of the credit union system.





NCUA's new programs and new forms are geared to the special needs of credit unions. Semi-annual call reports from credit unions were expanded to include additional data, and over half were automated in June. The December 1987 call reports for all 9,700 Federal credit unions were fully automated.

In addition to automating its communications with credit unions, NCUA developed an automated accounting and reporting system for the use of the central and regional offices. This system has improved the Agency's financial reporting.

NCUA's computers provide instant transmittal of data, documents and all written material. During the year, two other technological developments also raised the Agency's communications level. An electronic, computer-based mail system and a data voice network using existing telephone lines have greatly improved both written and spoken communication. The data voice network allows every member of the staff to receive spoken recorded messages, to deliver voice messages to any staff member or a list of staff members and to store and forward messages.



All of these achievements were accomplished in spite of the Agency's simultaneous need to continue to use the old systems. It is a credit to the staff involved in carrying out these changes that they occurred quite smoothly.

NCUA's automated communications, supervision and data collection systems are state of the art. These developments make it possible for staff at all levels to react more quickly and more effectively to the day-to-day needs of the Agency and of credit unions.

Recruiting Training Emphasized

Recruiting and training were dominant NCUA activities during 1987 and as the year ended, Board members and staff felt a sense of excitement and of real accomplishment.

The NCUA Board signaled its intent in its 1987 budget to improve supervision and service to credit unions by adding examiners and greatly expanding its training program. It proposed to hire 205 additional examiners and to triple its training budget over a two-year period.

During 1987, 222 additional examiners were hired, bringing the number to 543 at the end of the year. Another 46 will be hired during 1988. To recruit these additional examiners, the Agency requested and received new hiring authority and approval of accelerated promotions from the U.S. Office of Personnel Management. Brochures, advertisements in targeted publications, personal contacts and campus recruiting were used to find candidates. The quality of the recruits was very high.

Training programs during 1987 included new examiner training, technical and non-technical training, computer training including the use of personal computers, the automated examination and the new CAMEL rating system.

New recruits now receive five levels of training, a total of eight weeks of structured training, within the first nine months of employment. On the job training is provided first as part of a team and then individually working with an experienced trainer. A total of 225 new Federal and state examiners received this training during 1987.



Advanced technical training programs for experienced examiners are offered in commercial lending, agricultural lending, off balance sheet risk, white collar crime, meeting with management and instructor training. These training programs are conducted by NCUA staff, the School for Banking of the South, Baton Rouge, La., and the Federal Financial Institutions Examination Council, Washington, D.C. A total of 182 Federal and state examiners attended these seminars.

Non-technical training included verbal and written communication, supervision and management, time and stress management and interviewing techniques. Some 250 staff members participated in one or more of these programs. A number of outside educational institutions were used during the year to meet individual training needs for about 300 staff members.

After the newly-automated examination program was field tested and put in final form, training was provided to those examiners. Fully 700 Federal and state examiners attended region-by-region training conferences. By October 1, the start of fiscal year 1988, the transition to an automated exam program was complete.

NCUA faced a variety of complex issues and problems in this major recruiting and training program. The Personnel Office coordinated the entire effort. The Office of Examination and Insurance developed and directed the technical training programs; the Office of Information Systems directed the computer training, and the Personnel Office developed and conducted the non-technical training. The regional offices were full partners in planning and implementing these training programs.



During 1987, NCUA prepared itself for the future—technically and organizationally. Credit union growth and increasing complexity demand a higher level of performance from the Agency. The NCUA Board and the entire staff worked hard during 1987 to prepare to meet that demand.

Doing a Better Job

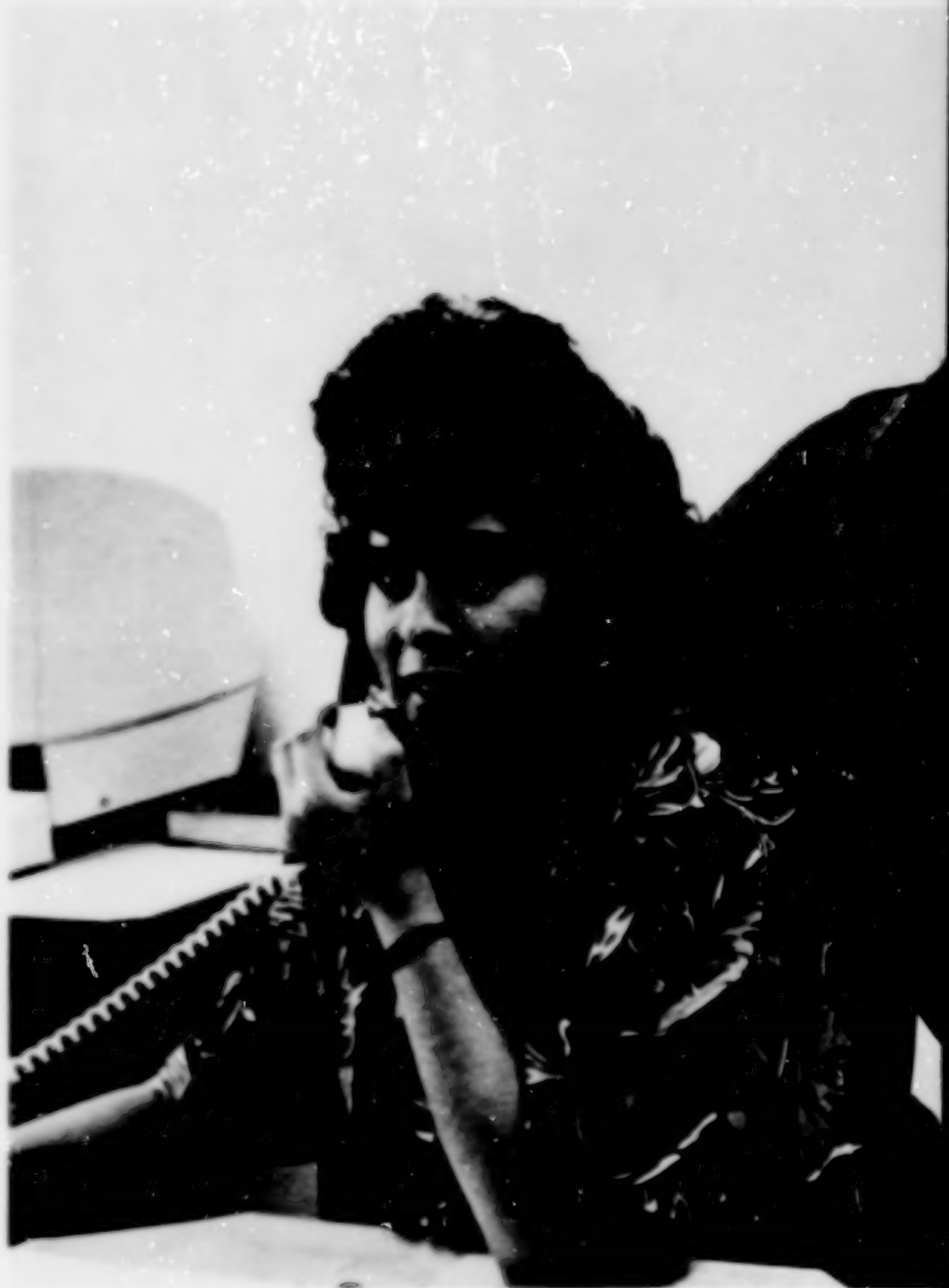
Examiners, the men and women who serve on NCUA's front line, are better trained and better equipped than ever before. They also have more time to do a better job.

This striking improvement in credit union supervision is the result of two years of planning and implementation, with 1987 the year of transition.

When the NCUA Board approved the purchase of personal computers for all examiners, developing an automated examination program was given highest priority. The Office of Examination and Insurance, the Office of Information Systems and all regional offices worked together to design specifications for the program.

Those specifications included the Core Examination Program developed by NCUA and the National Association of State Credit Union Supervisors. A joint committee produced an examiner's guide, a set of Core Examination workpapers, a joint training program and a common examination report. Use of the Core Examination ensures a more uniform approach to the evaluation of safety and soundness.

An improved, more statistically valid and consistent credit union rating system also was introduced in 1987. The CAMEL system evaluates five crucial components: capital adequacy, asset quality, management, earnings and liquidity. It results in a more accurate evaluation of performance.





With the CAMEL system, the examiner looks at both qualitative and quantitative measurements related to each component. The unique characteristics of credit unions and credit union differences are taken into consideration.

The automated examination program is menu-driven, enabling examiners with limited or no computer experience to use it to perform examinations. While they were learning to use their new equipment and programs, NCUA examiners and regional offices maintained a full examining schedule. Every region reached NCUA's goal of annual examinations of all credit unions.

The corporate program, developed with the assistance of NASCUS and the Corporate Forum, was fully operational during 1987. Supervision of corporates is the responsibility of 15 specially trained examiners and the corporate specialist in the Office of Examination and Insurance. An on-going training program prepares examiners for the changes and developments in corporate credit unions.

An important supervisory tool, conservatorship, was reauthorized and made permanent by the 100th Congress in 1987. Conservatorship allows the Agency to take control of a failing credit union when it believes that the credit union can be returned to health. It also prevents the dissipation of a credit union's assets. Two credit unions were saved through conservatorship and returned to member control in 1987. In 1986, three credit unions were returned to member control after a period of conservatorship.

NCUA discharges its supervisory responsibilities through examination and careful supervision and by taking legal action in those few cases where it is deemed necessary. Today, credit unions have the best record for safety and soundness in the nation's financial system.



Helping Credit Unions

Preserving and supporting credit unions and helping credit unions provide service to more people are two NCUA activities given considerable attention during 1987.

The Federal Credit Union Act directs NCUA to strengthen credit unions and to help extend credit union services to those who need them. The Board takes both of these charges seriously.

The decision to add examiners and to better train and equip all staff is one example. A well trained and equipped staff is better able to assist credit unions. Another example is NCUA's assistance to a newly chartered credit union in an inner city neighborhood of Dallas, Texas.

An NCUA research program assists credit unions in understanding and adapting to changing economic circumstances. During 1987, the Office of the Chief Economist prepared monthly economic reports and a number of special studies. Study subjects included the causes of credit union failures, changing credit union markets, the danger of some investments for credit unions, net worth and credit unions, and the effect of field of membership expansions.

During 1987, NCUA initiated a number of changes in the Federal Credit Union Act which benefit credit unions. All of the NCUA-requested amendments were included in the Competitive Bank Equality Act, approved by Congress and signed into law by President Reagan.

Amendments included one stating that member shares constitute a member's equity in a credit union, an issue raised by the accounting industry. Other sections lengthened permissible terms for mortgages or home improvement loans, removed the necessity for faithful performance coverage and transferred jurisdiction over credit union trade practices to NCUA.

Common Ground Community Federal Credit Union in Dallas is an innovative approach to meeting a community's need for financial services. This new credit union serves an inner city area of 100,000 people with 36 percent of the households below the poverty line. It is a minority population with 83 percent black residents and 10 percent Hispanic.

To help Common Ground Community FCU get started, NCUA is providing management consulting services, a training program and on-site quarterly reviews. Potential problems are addressed in a Letter of Understanding and Agreement signed by the credit union's leaders and NCUA.

To improve credit union services to college students, the NCUA Board in 1987 approved a College Student Credit Union Pilot Program. The three-year program will concentrate resources on student credit unions in order to identify methods which will ensure operational and financial success. Specially trained examiners will work with student credit unions. In addition, other resources for meeting the financial needs of college students will be studied.



A program to assist credit unions serving predominantly low income members became operational in 1987. The Community Development Revolving Loan Program for Credit Unions provides technical assistance and loans to eligible community development credit unions.

NCUA's regulatory authority is used to assist and support credit unions. A continuous review process attempts to keep regulations up to date, simple and not burdensome. Every regulation is examined by the Office of General Counsel and is subjected to public scrutiny at least every three years. During 1987, several rules were revised, simplified or eliminated as a result of this ongoing review process.

Business lending was the one area in which there was new regulation. After a study of the problems credit unions were experiencing, the NCUA Board adopted a business lending rule effective July 1 to provide guidance and set basic standards.

The rule was adopted after unprecedented public participation and comment, and credit union compliance has proceeded without difficulty. Requests from state regulators and individual credit unions for exemption from specific sections of the rule have been approved expeditiously.

NCUA is much more than a Federal regulatory agency. In many ways, it assists and strengthens credit unions, both individually and the credit union community as a whole.

Insuring Member Shares

The National Credit Union Share Insurance Fund finished 1987 in a strong and healthy position. Credit union members could be assured that their funds were completely safe.

Having received its fourth consecutive unqualified audit opinion and with equity and reserves at record levels, the Fund is well positioned to absorb future losses and still maintain its operating level close to its 1.3 percent goal of insured shares.

Investment income for 1987 reflected the overall decrease in interest rates and declined by \$9 million to a total of \$112.7 million. Operating expenses were up 27 percent to a high of \$21.5 million and insurance losses rose to \$55.8 million, an \$18 million increase over 1986. Overall, the Fund's insurance losses per \$1,000 in total deposits have dropped from \$1.28 in 1982 to 38 cents in 1987.

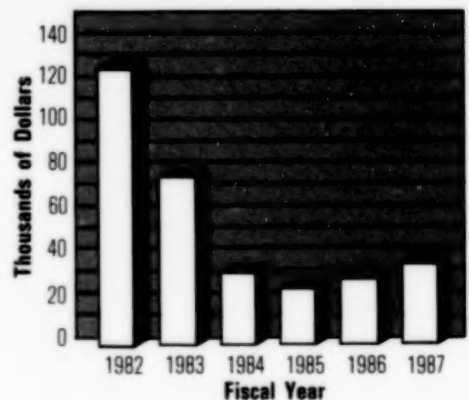
NCUSIF earned sufficient net income for capital and reserves to reach an operating level of 1.28 percent of insured shares on June 30, 1987, the end of the insurance year. This was accomplished without assessing the annual insurance premium for the third straight year, which would have increased total income by \$105 million.

The number of credit unions receiving special financial assistance dropped from 30 at the beginning of the fiscal year to 16 on September 30. Of the closed cases, six credit unions paid \$15 million to retire their outstanding capital notes. Of the 16 remaining credit unions, only four had capital notes outstanding, totaling \$5 million.

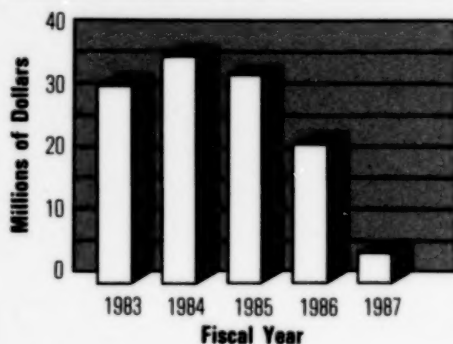
During 1987, 276 credit unions converted to Federal insurance from other insurance programs, compared to 309 in 1986. Most of these were the result of voluntary discontinuation of private insurance corporations in Utah and Virginia. On September 30, 1987, NCUSIF insured 9,556 Federal credit unions and 4,878 state credit unions with total insured shares of \$157 billion.

NCUSIF was established as a revolving fund in the U.S. Treasury in 1970 with no start-up capital or taxpayer monies.

**NCUSIF Losses Per \$1,000.00
of Insured Shares**



Amount of Capital Notes Outstanding



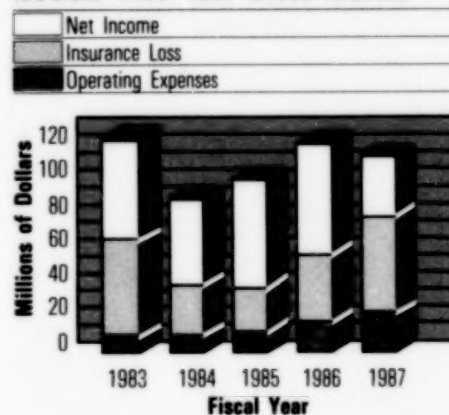
During the 1970s, insurance premiums were the Fund's primary source of income. With low insurance losses and operating expenses, the Fund's capital and reserves grew at a steady rate until it leveled off in 1979 at .3 percent of insured shares.

Losses began to increase in 1978 due to economic fluctuations, poor investments and stiffer competition, and the Fund's equity ratio dropped below .3 percent. In an effort to attain the 1 percent level stated in the Federal Credit Union Act, special assessments were levied in addition to the regular premiums in 1982 and 1983, with little effect.

Legislation to capitalize the Fund, approved by Congress in 1984, required credit unions to deposit 1 percent of insured shares in the Fund. A new operating level goal of 1.3 percent was established and the Fund is required to contribute sufficient net income to reach the goal.

Since capitalization, NCUSIF has been able to pay all administrative and insurance costs from its investment income and to maintain the Fund at its statutory level.

NCUSIF Five Year Gross Income



Providing Liquidity

The Central Liquidity Facility, a mixed ownership government corporation which serves as a central bank for the credit union system, maintained its strong position during 1987.

Lending remained relatively stable throughout the year, with the loan portfolio on September 30 at \$111.5 million compared to \$105.5 million a year earlier. In addition, lines of credit totaling \$19 million were approved for five private share insurance funds.

Members are able to borrow from CLF during periods of low liquidity or tight credit. These include seasonal loans, and emergency cash delivery loans at times of critical need. All advances require a commitment fee of 1/4 of one percent, are nonrevolving, fully secured and must be used solely for liquidity needs.

Operating expenses of \$794,000 were less than the Congressionally approved budget of \$805,000. The reserve target of \$600,000 set by the NCUA Board was exceeded with the total reaching \$607,000.

Member equity at the end of fiscal year 1987 was \$354.5 million compared with \$287.7 million at the end of 1986. To become a CLF member, a credit union or its designated agent must purchase shares of CLF stock equal to one-half of one percent of its unimpaired capital and surplus. Forty-three agents represented 18,000 member credit unions in 1987 while another 338 credit unions were direct members.

Member credit unions received dividends in 1987 of \$18 million representing 97 percent of net earnings and a 6.1 percent return on member's capital and deposits.

An investment liquidity program, a joint effort of CLF, U.S. Central Credit Union and the corporate credit union network, was established in 1984. Its purpose is to increase the earning power of low yielding, long-term credit union investment portfolios. Due to interest rate declines, these investment portfolios are earning at current market rates.

CLF can invest in U.S. Government and agency obligations, deposits in federally-insured institutions and shares or deposits of credit unions. Investment maturities do not exceed six months with an average maturity of 72 days. The average yield on investments was 6.1 percent for the first part of 1987 compared to 5.5 percent for 90-day U.S. Treasury bills and 6.2 percent for Eurodollar certificates of deposit.

Financial Results

Financial results for fiscal year 1987, reflected in the Operating Fund financial statements, were remarkably close to the approved budget. NCUA's total operating expenses of \$42.76 million were just \$130,000 or .03 percent under budget.

The operating budget was funded equally by the transfer of expenses to the Share Insurance Fund and by operating fees collected from Federal credit unions. In addition, NCUA received about \$756,000 of investment income and about \$792,000 from the sale of publications and charges for information provided to the public. Total rev-

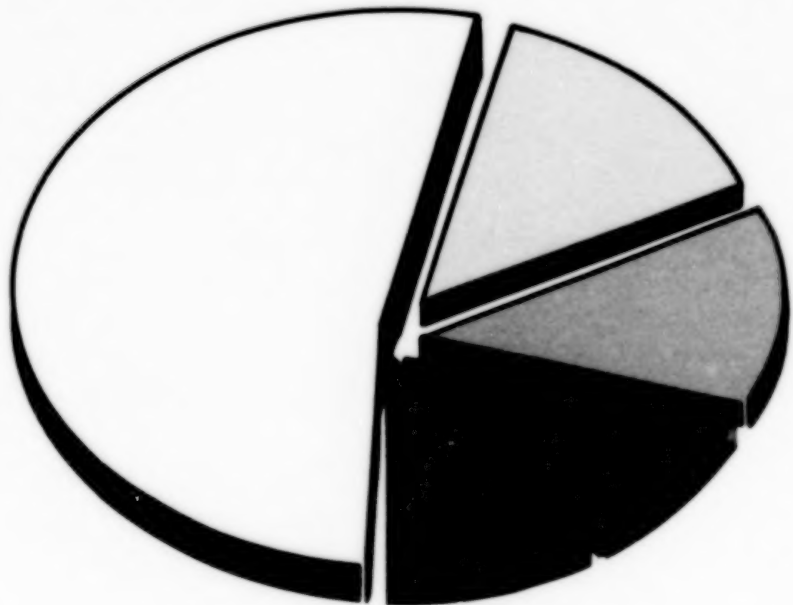
enue of \$22.2 million from operating fees, interest and other income was about \$98,500 over the budget estimate.

The transfer of expenses to the Share Insurance Fund, referred to as the overhead transfer, is re-evaluated each year. An internal study, based on the distribution of examiner time by function, determines the mix of insurance versus non-insurance activities.

This year's study indicated that slightly more than one-half of the Agency's resources is devoted to insurance-related activities. Accordingly, the NCUA Board has approved a policy of splitting the Agency's operating expenses equally between the Operating Fund and the Insurance Fund.

Operating Results Fiscal Year 1987

Personal Services	55 %
Employee Travel	13.5 %
Employee Benefits	11 %
Rent, Communications and Utilities	8.5 %
Administrative	8 %
Contracted Services	4 %



The principal change on the Operating Fund balance sheet is the increase in fixed assets from \$588,000 to over \$5.2 million, almost entirely due to the purchase of computer equipment. On the liability side, the large increase in payables is associated with computer acquisitions and about 30 employee moves which were in progress at yearend. Significant increases in accrued wages and benefits, annual leave (unused employee vacation time) and employee travel are primarily the result of staffing increases.

Net income, the amount by which revenue exceeded expenses, was about \$809,000 for the year. Under generally accepted accounting principles as followed by the Operating Fund, net income (or loss) is added to the Fund's equity balance at the close of each fiscal year. The Fund balance, just under \$3.2 million at the start of the year, increased to just under \$4 million with this year's net income contribution.

Approximately 66 percent of the Agency's operating expenses in fiscal year 1987 was for wages and benefits, while 13.5 percent was for employee travel expenses. Thus, almost 80 percent of operating expenses was directly related to the staffing level.

During the year, total permanent staff increased from 657 to 794. As a result of this increase, expenses for wages, benefits and travel reimbursement have risen about 25 percent since last year. Since the remainder of the planned field staff increase will be accomplished in fiscal 1988, NCUA's operating budget will level off in fiscal year 1989.

**National Credit Union Administration
Operating Fund
Report and Financial Statements
for the Years Ended
September 30, 1987 and 1986**

Price Waterhouse



November 13, 1987

Board of Directors
National Credit Union Administration

In our opinion, the statements appearing on pages 22 through 26 of this report present fairly the financial position of the National Credit Union Administration-Operating Fund at September 30, 1987 and 1986, and the results of its operations and the changes in its financial position for the years then ended, in conformity with generally accepted accounting principles consistently applied during the period subsequent to the change, with which we concur, in the method of accounting for operating fee revenues made as of October 1, 1985, as described in Note B to the financial statements. Our examinations of these statements were made in accordance with generally accepted auditing standards and the standards for financial and compliance audits contained in the *Standards for Audit of Governmental Organizations, Programs, Activities and Functions*, issued by the U.S. Comptroller General in 1981, and accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

Price Waterhouse

Washington, D.C.

**National Credit Union Administration
Operating Fund Balance Sheets**

	September 30,	
	1987	1986
ASSETS		
Cash	\$ 14,930	\$ 5,450
Investment (Notes B and C)	3,224,282	5,965,000
Due from National Credit Union Administration - Share Insurance Fund (Note D)	2,478,899	929,350
Employee advances	575,659	163,656
Other accounts receivable	89,677	100,876
Prepaid expenses	129,797	120,244
Furniture and equipment, net of accumulated depreciation of \$3,400,755 and \$2,702,088	5,014,693	588,144
Leasehold improvements, net of accumulated amortization of \$13,116	218,459	
Total assets	\$11,746,396	\$7,872,720
LIABILITIES AND FUND BALANCE		
Accounts payable	\$3,083,596	\$1,354,267
Accrued wages and benefits	1,463,814	1,097,665
Accrued annual leave	2,238,160	1,915,846
Accrued employee travel	964,040	317,010
Total liabilities	7,749,610	4,684,788
FUND BALANCE:		
Available for operations	(610,715)	2,599,788
Invested in fixed assets, net	4,607,501	588,144
Total fund balance	3,996,786	3,187,932
Total liabilities and fund balance	\$11,746,396	\$7,872,720

The accompanying notes are an integral part of these financial statements.

**National Credit Union Administration
Operating Fund Statements of Revenue,
Expenses and Changes in Fund Balance**

	Year ended September 30,	
	1987	1986
REVENUE		
Operating fee revenue	\$21,162,842	\$16,934,295
Investment income	755,853	725,005
Miscellaneous income	269,768	345,625
Total revenue	22,188,463	18,004,925
EXPENSES		
Employee wages and benefits	14,070,751	11,653,342
Travel expense	2,894,044	1,852,982
Rent, communications, and utilities	1,833,043	1,775,370
Contracted services	867,486	749,308
Other administrative	1,714,285	976,823
Total administrative expenses	21,379,609	17,007,905
Excess of revenue before cumulative effect of change in accounting principle	808,854	997,020
Cumulative effect on prior years of changing to a different revenue recognition policy (Note B)		3,510,501
Excess of revenue	808,854	4,507,521
Fund balance (deficit) at beginning of year	3,187,932	(1,319,589)
Fund balance at end of year	\$3,996,786	\$3,187,932

The accompanying notes are an integral part of these financial statements.

National Credit Union Administration
Operating Fund Statements of Changes in
Financial Position

	Year ended September 30,	
	1987	1986
Cash and investments were provided by:		
Operations:		
Excess of revenue	\$808,854	\$4,507,521
Items not affecting cash:		
Depreciation and amortization	784,483	337,729
Loss on disposition of fixed assets	3,727	
Decrease (increase) in:		
Other accounts receivable	11,199	18,723
Due from NCUA-Insurance Fund	(1,549,549)	(579,424)
Prepaid expenses	(9,553)	4,102
Increase (decrease) in:		
Accounts payable	1,729,329	844,694
Accrued wages and benefits	366,149	272,577
Accrued annual leave	322,314	338,680
Accrued employee travel	647,030	131,190
Deferred operating revenue		(3,510,501)
Cash and investments provided by operations	<u>3,113,993</u>	<u>2,385,291</u>
Cash and investments were used for:		
Purchases of furniture and equipment and leasehold improvements	5,433,228	102,385
Employee advances	<u>412,003</u>	<u>140,700</u>
Total uses of cash and investments	<u>5,845,231</u>	<u>243,085</u>
(Decrease) increase in cash and investments	(2,731,238)	2,122,206
Cash and investments—beginning of year	<u>5,970,450</u>	<u>3,848,244</u>
Cash and investments—end of year	<u><u>\$3,239,212</u></u>	<u><u>\$5,970,450</u></u>
Composed of:		
Cash	\$14,930	\$5,450
Investments	<u>3,224,282</u>	<u>5,965,000</u>
Total cash and investments	<u><u>\$3,239,212</u></u>	<u><u>\$5,970,450</u></u>

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

Note A - Organization and Purpose

The National Credit Union Administration - Operating Fund (the Fund) was created by the Federal Credit Union Act of 1934. The Fund was established as a revolving fund in the United States Treasury under the management of the National Credit Union Administration Board for the purpose of providing administration and service to the Federal Credit Union System.

Note B - Significant Accounting Policies

Investments

The Federal Credit Union Act permits the Fund to make investments in United States Government securities or securities guaranteed as to both principal and interest by the United States Government. Investments are stated at cost adjusted for amortization of premium and accretion of discount.

Depreciation and Amortization

Furniture and equipment and leasehold improvements are recorded at cost. Depreciation and amortization are computed by the straightline method over the estimated useful lives of furniture and equipment and the shorter of the estimated useful life or lease term for leasehold improvements.

Deferred Operating Fee Revenue

The Fund assesses each federally chartered credit union an annual fee based on the credit union's asset base as of the preceding June 30. The fee is designed to cover the costs of providing administration and service to the Federal Credit Union System. Prior to fiscal year 1986, fees were recognized as revenue ratably during the calendar year in which they were assessed. Fees assessed but not yet recognized as revenue were classified as deferred revenue.

In fiscal year 1986, the Fund changed the manner in which it accounts for operating fee revenue. Operating fees are now recognized on a fiscal year (as opposed to calendar year) basis. This change was made in order to better match the recognition of such fees with the annual budgeted fiscal year expenditure upon which such fees are based.

The effect in fiscal year 1986 was to increase operating fee revenue, by approximately \$725,000. The adjustment of \$5,510,501 to record the cumulative effect on prior years of the new policy is included in income in fiscal year 1986.

Income Taxes

The Fund is exempt from Federal income taxes under §501(c)(1) of the Internal Revenue Code.

Note C - Investments

All cash received by the fund which is not used to defray operating expenses is invested in U.S. Treasury Securities.

As of September 30, 1987 and 1986, the Fund's investment portfolio consisted of the following:

	1987		1986	
	Book Value	Market Value	Book Value	Market Value
U.S. Treasury Securities:				
Overnight funds	\$1,225,000	\$1,225,000	\$5,965,000	\$5,965,000
Maturities less than one year	2,001,282	1,999,098		
Total	<u>\$3,224,282</u>	<u>\$3,222,098</u>	<u>\$5,965,000</u>	<u>\$5,965,000</u>

**Note D - Transactions with the National
Credit Union Administration -
Share Insurance Fund
(NCUSIF)**

Certain administrative services are provided by the Fund to NCUSIF. The Fund charges NCUSIF for these services based upon an annual allocation factor approved by NCUA's Board of Directors derived from an estimate of actual usage. The cost of these services, which totaled \$21,379,609 and \$16,821,936 for the years ended September 30, 1987 and 1986, respectively, are reflected as a reduction of the corresponding expenses in the accompanying financial statements.

Note E - Commitments

The Fund leases certain office space under an agreement which expires in November 1994. The agreement provides for annual rent adjustments based on increases in the consumer price index. In addition, the Fund leases certain office equipment under operating leases. Rental charges for the years ended September 30, 1987 and 1986 amounted to \$1,895,700 and \$1,889,600 of which \$946,850 and \$944,800 was reimbursed by NCUSIF.

The future minimum lease payments as of September 30, 1987, are as follows:

1988	\$ 980,000
1989	980,000
1990	997,000
1991	1,001,000
1992	1,001,000
Thereafter	2,169,000
	<hr/>
	\$7,128,000
	<hr/>

Based on the allocation factor approved by the NCUA Board of Directors for fiscal year 1988, NCUSIF will reimburse the Fund for approximately 50% of the future lease payments.

Note F - Retirement Plan

Certain employees of the Fund hired before January 1, 1984 participate in the Civil Service Retirement System which is a defined contribution retirement plan. Contributions to the plan are based on a percentage of employees' gross pay. Pension contributions for the years ended September 30, 1987 and 1986 were \$1,474,452 and \$1,358,175 of which \$737,226 and \$679,087 was reimbursed by NCUSIF, respectively.

During 1987, the Federal Employees Retirement System (FERS) was implemented. This is a defined contribution retirement plan and is comprised of a Social Security Benefits Plan, a Basic Benefit Plan and a Savings Plan and is mandatory for all employees hired on or after January 1, 1984. Employees hired before January 1, 1984 have until December 31, 1987 the option to elect to transfer coverage from the Civil Service Retirement System. Contributions to the plans are based on a percentage of employees' gross pay. Under the Savings Plan employees can also elect additional contributions between one and ten percent of their gross pay and the NCUA will match up to five percent of the employee elected contribution. Pension contributions for the year ended September 30, 1987 were \$396,647 of which \$198,324 was reimbursed by NCUSIF.

Economic Surprise

The major economic story of 1987, the October stock market crash, had surprisingly little effect on credit unions.

Federal credit unions are not permitted to invest in equity securities so the market decline caused no direct harm to credit unions. The fallout from the crash can be summarized by one plus and one potential minus.

On the plus side, interest rates were forced down about 1 percentage point as funds from the stock market flowed to government securities, raising their prices. The major beneficial result was that many credit unions could recoup some losses on mutual funds and long term government securities.

On the potentially negative side, the loss of household wealth curbed consumer spending, although not by as much as some had thought. A slight softening in overall consumer borrowing ensued. But credit union lending held up very well.

Loans at Federal credit unions rose 15.8 percent in 1987, up slightly from the 14.6 percent rise in 1986. Two-thirds of that 1987 growth came in the last half of the year. Thus, what could have been a serious blow from the stock market crash did not materialize for credit unions.

In fact, the big story on credit unions last year was the dramatic turnaround in loan growth versus savings growth. In 1985 and 1986 savings grew nearly 60 percent faster than loans. Savings rose 23.6 percent in 1985 and 22.8 percent in 1986 while loans grew 14.5 and 14.6 percent, respectively, those two years. In 1987 the tables were reversed. Loan growth was 15.8 percent while savings rose only 9.5 percent, all of it in the first half of the year. Savings growth was flat the last half of the year. In the setting of the late 1970s or early 1980s these numbers would have been viewed with concern; but in the current environment of excess liquidity in credit unions they are most welcome.

The loan-to-share ratio at Federal credit unions rose from 62.8 percent in 1986 to 66.5 in 1987. This helped to tame an enticement faced by credit unions for nearly three years now—to put their surfeit of funds to work in high-yielding, but market risky, investments. Many credit unions invested large sums in mutual funds and long term government securities in 1986 and the first half of 1987, but the interest rate declines of March and April and again in late summer and early fall proved devastating. As rates rose, security values declined.

As of June 1987, NCUA's Office of the Chief Economist counted 125 Federal credit unions with unrealized losses that exceeded undivided earnings and other revocable reserves. Twenty Federal credit unions had losses exceeding total capital accounts, including regular reserves, and seven credit unions showed losses more than twice their total capital accounts.

Credit unions are at their best when they are making loans to their members. While investing is necessary, and sometimes exciting, it can also be risky in a volatile interest rate environment. The best route to increased earnings and rising capital ratios for credit unions is sound lending operations.

In 1985 and 1986 credit unions were losing market share and loans were lagging due in part to an unfavorable competitive posture on loan rates. But in the last half of 1986 and in 1987 credit unions made great strides in reducing dividend rates, which, in turn, made possible lower loan rates.

This progress in reducing rates paid on shares and charged on loans in 1987 will serve credit unions well in 1988. It should help to continue the slowdown in share growth, increase loan growth, increase earnings and thereby increase capital ratios.

Federal Credit Unions

Consolidated Income and Expense Statement (Amounts in thousands) December 31

	¹ 1986	1987	Percentage change
INCOME			
Interest on loans	\$6,585,792	\$6,929,596	5.2
Less: interest refund	(22,012)	(14,406)	- 34.6
Income from investments	2,459,330	2,760,340	12.2
Other operating income	392,587	482,743	23.0
Total gross income	\$9,415,700	\$10,158,273	7.9
EXPENSES			
Employee compensation and benefits	1,329,810	1,486,010	11.7
Travel & conference expenses	49,228	55,144	11.9
Office occupancy	152,741	177,484	16.2
Office operations expenses	578,588	668,234	15.5
Educational and promotional	71,248	81,438	14.3
Loan servicing expense	63,825	89,016	39.5
Professional and outside services	222,685	248,010	11.4
Provision for loan losses	355,055	417,790	17.7
Member insurance	146,534	148,516	1.4
Operating fees	17,137	22,459	31.1
Interest on borrowed money	25,353	44,532	75.6
Miscellaneous operating expenses	102,651	145,819	42.1
Total operating expenses	3,114,933	3,584,455	15.1
NON-OPERATING GAINS OR LOSSES			
Gain (loss) on investments	66,983	(35,993)	- 153.7
Gain (loss) on disposition of assets	3,767	3,424	- 9.1
Other non-operating income (expenses)	10,910	7,528	- 31.0
Total income (loss) before dividends	6,382,426	6,548,777	2.6
Transfer to regular and statutory reserves	249,920	236,707	- 5.2
Dividends and interest on deposits	5,506,254	5,623,873	2.1
Net income (loss) after dividends and reserve transfers	\$ 626,349	688,197	9.9

¹ Revised

Note: Because of rounding, detail may not add to totals.

Consolidated Balance Sheet

(Amounts in thousands)

December 31

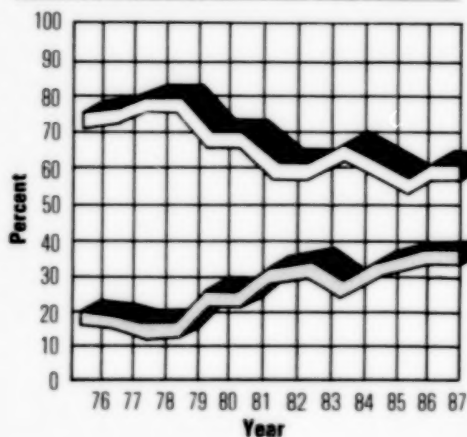
	¹ 1986	1987	Percentage change
ASSETS			
Cash	\$ 2,300,534	2,327,055	1.2
Loans outstanding	55,304,682	64,104,484	15.9
Allowance for loan losses	(414,640)	(466,506)	12.5
INVESTMENTS			
U.S. Government/Federal agency securities	8,788,578	10,417,910	18.5
Commercial banks	5,755,779	4,139,680	-28.1
S&Ls and mutual savings banks	10,700,842	10,834,089	1.2
Corporate credit unions	7,136,129	6,285,614	-11.9
Common trusts	1,800,648	1,193,176	-33.7
Share insurance/other capital deposits	708,806	815,063	15.0
Other investments	818,644	2,623,917	220.5
Total investments	35,709,426	36,309,449	1.7
Allowance for investment losses	(21,417)	(57,168)	166.9
Land and building (net of depreciation)	1,045,868	1,236,264	18.2
Other fixed assets	531,989	597,776	12.4
Other assets	1,027,379	1,138,340	10.8
Total assets	95,483,828	105,189,697	10.2
LIABILITIES			
Notes payable	460,716	857,264	86.1
Dividends payable	636,615	636,448	0.0
Accounts payable and other liabilities	614,252	601,561	-2.1
Total liabilities	1,711,583	2,095,273	22.4
EQUITY/SAVINGS			
Regular shares	54,362,408	59,005,745	8.5
Share certificates	13,212,347	14,086,937	6.6
IRA/Keogh accounts	11,773,331	13,641,130	15.9
Share drafts	8,502,631	9,611,048	13.0
Permanent capital shares	103,094	1,545	-98.5
Total savings	87,953,813	96,346,405	9.5
Regular reserves	2,417,081	2,763,630	14.3
Other reserves	894,778	961,860	7.5
Undivided earnings	2,506,024	3,022,527	20.6
Total equity/savings	93,772,245	103,094,422	9.9
Total liabilities/equity	\$95,483,828	105,189,697	10.2

¹ Revised

Note: Because of rounding, detail may not add to totals.

Loan to Asset Ratio

Loans/Assets
Investments/Assets



Natural Person Federal Credit Unions by State

December 31, 1987

State	Number FCUs 1987	Assets (in millions) 1987	Assets (in millions) 1986	Percent change in Assets
Alabama	145	\$1,627	\$1,464	11.1
Alaska	17	1,210	1,102	9.8
Arizona	51	1,498	1,407	6.5
Arkansas	88	380	339	12.1
California	743	17,112	15,211	12.5
Colorado	133	1,704	1,663	2.5
Connecticut	225	2,167	2,012	7.7
Delaware	61	408	353	15.6
District of Columbia	117	1,759	1,624	8.3
Florida	233	5,877	5,286	11.2
Georgia	220	1,715	1,591	7.8
Guam	3	42	36	16.7
Hawaii	132	2,045	1,819	12.4
Idaho	47	448	391	14.6
Illinois	280	1,713	1,591	7.7
Indiana	309	3,582	3,289	8.9
Iowa	7	33	32	3.1
Kansas	43	308	294	4.8
Kentucky	117	903	813	11.1
Louisiana	308	1,523	1,413	7.8
Maine	106	1,068	952	12.2
Maryland	172	2,673	2,414	10.7
Massachusetts	258	3,273	2,758	18.7
Michigan	235	3,708	3,420	8.4
Minnesota	52	621	486	27.8
Mississippi	123	563	506	11.3
Missouri	25	154	143	7.7
Montana	88	525	494	6.3
Nebraska	71	536	479	11.9
Nevada	30	809	729	11.0
New Hampshire	21	471	411	14.6
New Jersey	440	3,070	2,877	6.7
New Mexico	41	749	678	10.5
New York	894	8,335	7,543	10.5
North Carolina	104	1,304	1,154	13.0
North Dakota	25	78	72	8.3
Ohio	500	2,783	2,505	11.1
Oklahoma	86	901	867	3.9
Oregon	133	1,163	1,065	9.2
Pennsylvania	1,075	5,140	4,700	9.4
Puerto Rico	32	162	141	14.9
Rhode Island	14	23	25	-8.0
South Carolina	108	1,364	1,232	10.7
South Dakota	79	315	292	7.9
Tennessee	136	1,668	1,528	9.2
Texas	648	7,443	6,889	8.0
Utah	54	342	320	6.9
Vermont	7	92	69	33.3
Virgin Islands	5	7	6	16.7
Virginia	240	7,060	6,484	8.9
Washington	119	1,693	1,548	9.4
West Virginia	155	663	613	8.2
Wisconsin	3	117	108	8.3
Wyoming	43	263	248	6.0
Total	9,401	105,190	\$95,484	10.2

Differences in assets from other tables is due to rounding.

New Federal Charters
Field of Membership Expansion
January 1 - December 31, 1987

Number of New Charters	41
Membership Potential	5,327,965
Number of Membership Expansions	5,693
Membership Potential	2,572,688
Total New Membership Potential	7,900,653

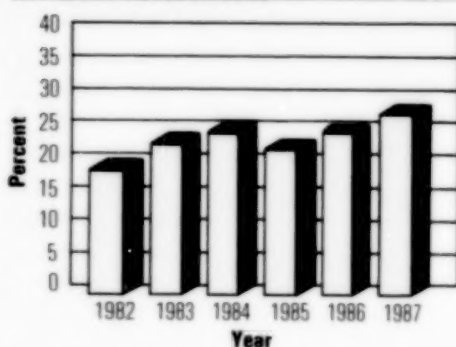
Number by Asset Size
December 31, 1987

Asset size	Number of FCUs	Percentage of total	Cumulative percentage
Less than \$50 thousand	196	2.1	2.1
\$50 to \$100 thousand	245	2.6	4.7
\$100 to \$250 thousand	755	8.0	12.7
\$250 to \$500 thousand	934	9.9	22.7
\$500 thousand to \$1 million	1,223	13.0	35.7
\$1 million to \$2 million	1,369	14.6	50.2
\$2 million to \$5 million	1,774	18.9	69.1
\$5 million to \$10 million	1,078	11.5	80.6
\$10 million to \$20 million	769	8.2	88.7
\$20 million to \$50 million	629	6.7	95.4
\$50 million to \$100 million	245	2.6	98.0
\$100 million and over	184	2.0	100.0

Natural Person Federal Credit Unions by Asset Size
December 31, 1987

Asset size	Assets (in thousands)	Percentage of total	Cumulative percentage
Less than \$50 thousand	\$5,594	0.0	0.0
\$50 to \$100 thousand	18,577	0.0	0.0
\$100 to \$250 thousand	133,065	0.1	0.1
\$250 to \$500 thousand	342,626	0.3	0.5
\$500 thousand to \$1 million	890,028	0.8	1.3
\$1 million to \$2 million	1,992,830	1.9	3.2
\$2 million to \$5 million	5,768,612	5.5	8.7
\$5 million to \$10 million	7,577,001	7.2	15.9
\$10 million to \$20 million	10,902,938	10.4	26.3
\$20 million to \$50 million	19,316,870	18.4	44.6
\$50 million to \$100 million	17,224,382	16.4	61.0
\$100 million and over	41,017,187	39.0	100.0

Long Term Investments as Percent of Total Investments



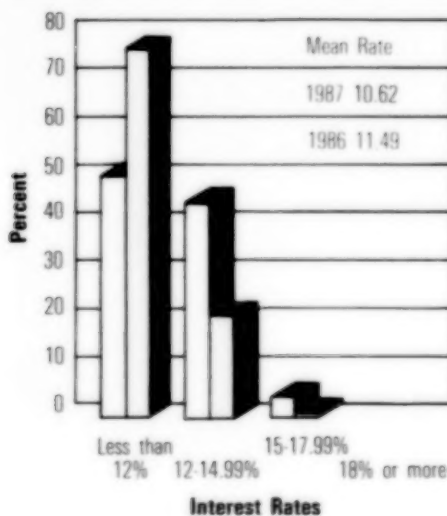
Distribution of Savings by Type of Account as Percent of Total

December 31

Type of account	1983	1984	1985	1986	1987
Regular shares	73.9	68.7	69.3	71.6	71.2
Share drafts	8.5	9.1	9.5	9.7	10.0
Other regular shares	65.5	59.6	59.8	61.9	61.2
Share certificates	26.1	31.3	30.7	28.4	28.8
IRA and Keogh	5.9	9.0	11.7	13.4	14.2
Other certificates	20.2	22.3	19.0	15.0	14.6
Total savings in millions	\$49,891	\$57,929	\$71,616	\$87,954	\$96,346

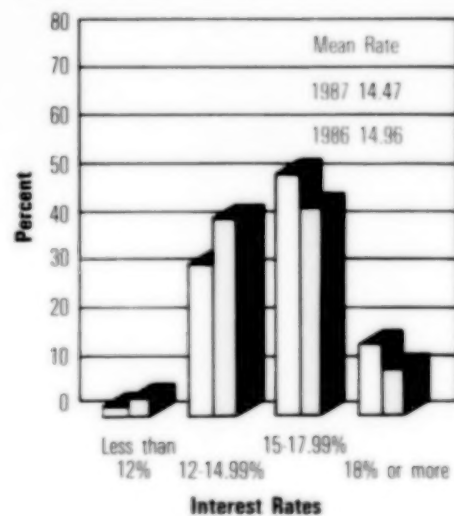
Distribution of Interest Rates New Car Loans

1986
1987



Distribution of Interest Rates Unsecured Loans

1986
1987



Loans Outstanding

(In millions)

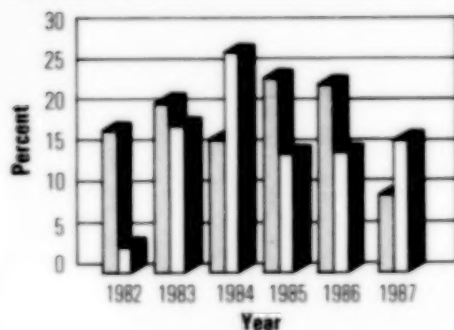
December 31

	1983	1984	1985	¹ 1986	1987
Loans outstanding	\$33,201	\$42,133	\$48,241	\$55,305	\$64,104
Allowance for loan losses	270	299	354	415	466
Regular reserves	1,489	1,800	2,132	2,417	2,764
Amount of delinquent loans	748	828	1,006	1,172	1,219
Loans charged off	195	195	253	381	448
Recoveries on loans	40	45	46	53	64
Provision for loan losses	162	165	249	355	418
SIGNIFICANT RATIOS (as a percentage of loans outstanding)					
Allowance for loan losses	0.81	0.71	0.73	0.75	0.73
Regular reserves	4.48	4.27	4.42	4.37	4.31
Delinquent loans	2.25	1.97	2.09	2.12	1.90
Loans charged off	0.59	0.46	0.52	0.69	0.70
Net loans charged off	0.47	0.36	0.43	0.59	0.60
Provision for loan losses	0.49	0.39	0.52	0.64	0.65

¹ Revised

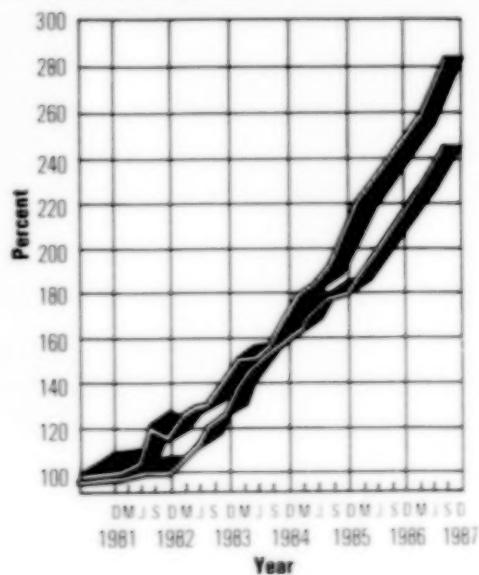
Annual Percentage Change: Shares and Loans

Loans Outstanding
Member Shares



Index of Loan and Share Growth

Loans Outstanding
Member Shares



Sources of Income

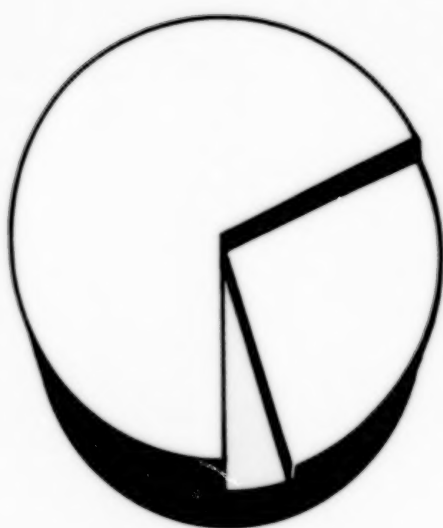
Loans	6,915	68.1%
Investments	2,760	27.2%
Other	483	4.8%

Loan Distribution

Unsecured Loans	10,995	17.2%
New Auto Loans	15,460	24.1%
Real Estate	17,571	27.4%
Loans to Members	14,605	22.8%
Agricultural Loans	42	0.1%
Commercial	593	0.9%
Lines of Credit	4,294	6.7%
All Other Loans	544	0.8%

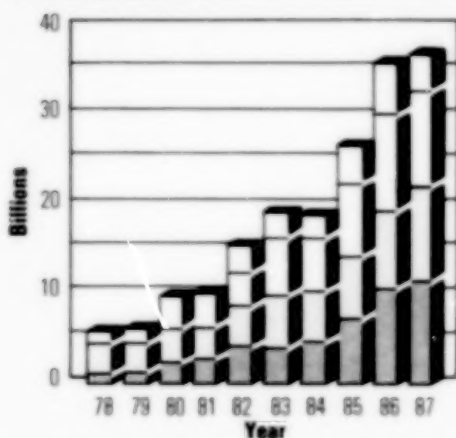
Uses of Funds

Dividends	5,624	55.4%
General/Admin.	2,098	20.7%
Salaries/Benefits	1,486	14.6%
Retained Earnings	688	6.8%
Regular Reserves	237	2.3%
Other	25	0.2%



Investments

Commercial Banks
Other Financial Institutions
U.S. Government/Federal Agencies
Corporates & Other



Total Investments

(Amount in millions)

	1983	1984	1985	¹ 1986	1987
U.S. Government obligations	\$1,751	\$1,795	\$2,409	\$3,518	\$4,439
Federal agency securities	3,648	3,930	4,546	5,270	5,979
Common trust investments	653	421	640	1,801	1,193
Deposits in commercial banks	2,774	2,541	4,146	5,757	4,140
Deposits in S&Ls and savings banks	6,297	5,867	8,113	10,700	10,834
Shares/deposits in corporate CUs	3,255	3,429	5,079	7,136	6,286
Share insurance/other capital deposits	N/A	N/A	602	709	815
Investments in other CUs	125	104	126	165	189
Other investments ²	360	479	594	653	2,435
Allowance for investment losses	(17)	(19)	(17)	(21)	(57)
Total investments	18,846	18,566	26,257	35,709	36,310

PERCENTAGE BREAKDOWN PER YEAR

	1983	1984	1985	1986	1987
U.S. Government obligations	9.3	9.7	9.2	9.9	12.2
Federal agency securities	19.3	21.2	17.3	14.8	16.5
Common trust investments	3.5	2.3	2.4	5.0	3.3
Deposits in commercial banks	14.7	13.7	15.8	16.1	11.4
Deposits in S&Ls and savings banks	33.4	31.6	30.9	30.0	29.8
Shares/deposits in corporate CUs	17.3	18.5	19.3	20.0	17.3
Share insurance/other capital deposits	N/A	N/A	2.3	2.0	2.2
Investments in other CUs	0.7	0.6	0.5	0.5	0.5
Other investments ²	1.9	2.6	2.3	1.8	6.7
Total investments	100	100	100	100	100

¹ Revised

² Includes loans to other CUs, shares in the Central Liquidity Facility of NCUA and other investments

Annual Growth Rates in Reserves and Undivided Earnings

	1980	1981	1982	1983	1984	1985	1986	1987
Total reserves	6.2%	15.5%	14.7%	13.7%	23.0%	22.4%	18.0%	12.6%
Regular reserve	1.0	7.6	9.6	12.4	20.9	19.3	13.4	14.4
Other reserves	11.4	15.8	10.2	15.6	25.7	13.3	21.6	7.5
Undivided earnings	12.7	27.8	23.4	14.6	24.4	29.6	21.4	20.7

CAMEL Rating System

Number by Categories

December 31, 1987

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987	1 year change
Codes 1 and 2	8,712	8,488	7,862	7,237	7,093	7,365	7,425	7,250	6,536	5,800	- 736
Code 3	3,373	3,433	3,770	3,737	3,751	2,855	2,623	2,460	2,734	3,063	329
Code 4	674	817	585	720	661	646	451	375	440	486	46
Code 5 ¹			223	175	126	97	48	40	48	52	4
Total	12,759	12,738	12,440	11,869	11,631	10,963	10,547	10,125	9,758	9,401	- 357

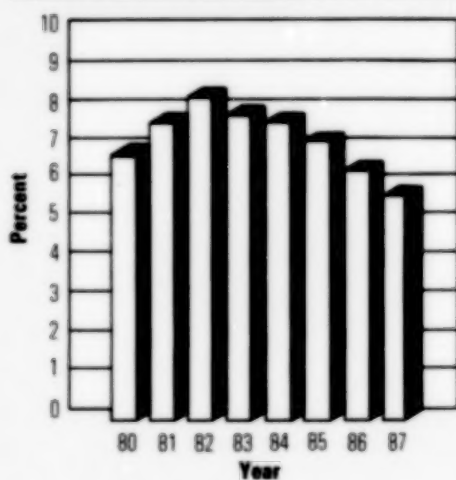
¹ Code 5 implemented during 1980.² CAMEL System implemented during 1987.

**Distribution by Asset Size
in CAMEL Ratings 4 and 5**

December 31, 1987

Asset size	Number of credit unions	Total assets (in thousands)
< 1 million	251	\$81,648
1-10 million	202	738,212
10-20 million	12	597,929
20-50 million	21	616,700
50-100 million	14	985,988
> 100 million	8	1,319,492
Total	538	\$4,339,959

Effective Cost of Shares



Federal Credit Unions Experiencing Losses

Year ending December 31	Number of Federal Credit Unions	Number experiencing losses	Percentage of total	Amount of negative earnings (in thousands)
1981	11,969	2,561	21.4	\$82,735
1982	11,631	2,572	22.1	63,098
1983	10,963	2,443	22.3	45,434
1984	10,547	1,041	9.9	18,555
1985	10,125	1,178	11.6	31,604
1986	9,758	1,360	13.9	43,805
1987	9,401	1,481	15.8	71,410

Losses in 1987

Asset size	Number of FCUs	Assets	Amount of 1987 losses	Amount of reserves and undivided earnings
Less than \$1 million	646	\$247,351,505	\$2,975,790	\$21,161,647
\$1 million to less than 2 million	229	326,332,167	3,080,829	20,469,498
\$2 million to less than \$5 million	248	781,106,461	7,260,976	41,716,345
\$5 million to less than \$10 million	150	1,041,402,994	7,940,059	48,097,947
\$10 million to less than \$20 million	98	1,385,524,328	9,295,012	60,580,347
\$20 million to less than \$50 million	71	2,229,377,882	13,878,194	88,202,738
\$50 million and over	39	4,588,229,179	26,978,982	162,520,375
Total	1,481	10,599,324,516	71,409,842	442,748,897

Historical Data

Selected Data for Federal Credit Unions December 31, 1934-87

Year	Charters issued	Charters canceled	Net change	Total outstanding	Inactive credit unions	Active credit unions	(Amounts in thousands of dollars)			
							Members	¹ Assets	¹ Shares	Loans outstanding
1934 ²	78		78	78	39	39	3,240	\$23	\$23	\$15
1935	828		828	906	134	772	119,420	2,372	2,228	1,834
1936	956	4	952	1,858	107	1,751	309,700	9,158	8,511	7,344
1937	638	69	569	2,427	114	2,313	483,920	19,265	17,650	15,695
1938	515	83	432	2,859	99	2,760	632,050	29,629	26,876	23,830
1939	529	93	436	3,295	113	3,182	850,770	47,811	43,327	37,673
1940	666	76	590	3,855	129	3,756	1,127,940	72,530	65,806	55,818
1941	583	89	494	4,379	151	4,228	1,408,880	106,052	97,209	69,485
1942	187	89	98	4,477	332	4,145	1,356,940	119,591	109,822	43,053
1943	108	321	213	4,264	326	3,938	1,311,620	127,329	117,339	35,376
1944	69	285	216	4,048	233	3,815	1,306,000	144,365	133,677	34,438
1945	96	185	89	3,959	202	3,757	1,216,625	153,103	140,614	35,155
1946	157	151	6	3,965	204	3,761	1,302,132	173,166	159,718	56,801
1947	207	159	48	4,013	168	3,845	1,445,915	210,376	192,410	91,372
1948	341	130	211	4,224	166	4,058	1,628,339	258,412	235,008	137,642
1949	523	101	422	4,646	151	4,495	1,819,606	316,363	285,001	186,218
1950	565	83	482	5,128	144	4,984	2,126,823	405,835	361,925	263,736
1951	533	75	458	5,586	188	5,398	2,463,898	504,715	457,402	299,756
1952	692	115	577	6,163	238	5,925	2,853,241	662,409	597,374	415,062
1953	825	132	693	6,856	278	6,578	3,255,422	854,232	767,571	573,974
1954	852	122	730	7,586	359	7,227	3,598,790	1,033,179	931,407	681,970
1955	777	188	589	8,175	369	7,806	4,032,220	1,267,427	1,135,165	863,042
1956	741	182	559	8,734	384	8,350	4,502,210	1,529,202	1,366,258	1,049,189
1957	662	194	468	9,202	467	8,735	4,897,689	1,788,768	1,589,191	1,257,319
1958	586	255	331	9,533	503	9,030	5,209,912	2,034,866	1,812,017	1,379,724
1959	700	270	430	9,963	516	9,447	5,643,248	2,352,813	2,075,055	1,666,526
1960	685	274	411	10,374	469	9,905	6,087,378	2,669,734	2,344,337	2,021,463
1961	671	265	406	10,780	509	10,271	6,542,603	3,028,294	2,673,488	2,245,223
1962	601	284	317	11,087	465	10,632	7,007,630	3,429,805	3,020,274	2,560,722
1963	622	312	310	11,407	452	10,955	7,499,747	3,916,541	3,452,615	2,911,159
1964	580	323	257	11,664	386	11,278	8,092,030	4,559,438	4,017,393	3,349,068
1965	584	270	324	11,978	435	11,543	8,640,560	5,165,807	4,538,461	3,864,809
1966	701	318	383	12,361	420	11,941	9,271,967	5,668,941	4,944,033	4,323,943

¹ Data for 1934-44 are partly estimated.

² First charter approved October 1, 1934.

³ Revised.

Selected Data for Federal Credit Unions

December 31, 1934-87—Continued

Year	Charters issued	Charters canceled	Net change	Total outstanding	Inactive credit unions	Active credit unions	Members	(Amounts in thousands of dollars)		
								¹ Assets	¹ Shares	Loans outstanding
1967	636	292	344	12,705	495	12,210	9,873,777	96,208,158	95,420,633	94,677,480
1968	662	345	317	13,022	438	12,584	10,508,504	6,902,175	5,986,181	5,398,052
1969	705	323	382	13,404	483	12,921	11,301,805	7,793,573	6,713,385	6,328,720
1970	563	412	151	13,555	578	12,977	11,966,181	8,860,612	7,628,805	6,969,006
1971	400	461	-61	13,494	777	12,717	12,702,135	10,533,740	9,191,182	8,071,201
1972	311	672	-361	13,133	425	12,708	13,572,312	12,513,621	10,956,007	9,424,180
1973	364	523	-159	12,974	296	12,688	14,665,890	14,568,736	12,587,607	11,108,015
1974	367	369	-2	12,972	224	12,748	15,970,434	16,714,673	14,370,744	12,729,653
1975	373	334	39	13,011	274	12,737	17,066,428	20,208,536	17,529,823	14,968,840
1976	354	387	-33	12,978	221	12,757	18,623,862	24,395,896	21,130,293	18,311,204
1977	337	315	22	13,000	250	12,750	20,426,661	29,563,681	25,578,017	22,633,860
1978	348	298	50	13,050	291	12,759	23,258,284	34,760,088	29,802,504	27,686,584
1979	286	336	-50	13,000	262	12,738	24,789,647	36,467,850	31,831,400	28,547,087
1980	170	368	-198	12,802	362	12,440	24,519,087	40,091,855	36,263,343	26,350,277
1981	119	554	-435	12,367	398	11,969	25,458,058	41,905,413	37,788,688	27,203,672
1982	114	556	-442	11,925	294	11,631	26,114,648	49,755,270	45,503,286	27,988,657
1983	107	736	-629	11,296	320	10,976	26,798,798	54,481,827	49,889,313	33,200,715
1984	135	664	-529	10,767	219	10,548	28,191,922	63,656,321	57,929,124	42,133,018
1985	55	575	-520	10,247	122	10,125	29,578,808	78,187,651	71,616,202	48,240,770
1986	56	441	-385	9,865	107	9,758	31,041,142	95,483,421	87,953,642	55,304,267
1987	41	480	-419	9,446	45	9,401	32,058,321	105,189,697	96,346,405	64,104,484

¹ Data for 1934-44 are partly estimated.

² First charter approved October 1, 1934.

Distribution of Consumer Credit

Type of lender	1983	1984	1985	¹ 1986	1987
Credit unions	13.7	14.8	13.9	13.4	13.8
Commercial banks	43.4	46.1	45.0	45.2	44.8
Savings institutions	7.1	8.3	10.2	9.9	10.5
Retailers	8.4	8.9	7.9	7.6	7.2
Finance companies	26.3	21.0	22.2	23.3	23.1
Gasoline companies	1.1	0.9	0.8	0.6	0.6
Consumer installment					
Credit outstanding (in millions)	\$388,718	\$460,500	\$43,223	\$586,259	\$621,442

¹ Revised

Source: Federal Reserve Board

Federal Credit Unions

10 Year Summary, 1978-1987

(Dollars amounts in millions as of December 31)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Number of Credit Unions	12,758	12,738	12,440	11,969	11,631	10,976	10,548	10,125	9,758	9,401
Number of members	23,258,284	24,789,647	24,519,087	25,458,059	26,114,649	26,798,799	28,191,322	29,578,808	31,041,142	32,058,321
Assets	\$34,760	\$35,334	\$37,515	\$39,181	\$45,494	\$54,482	\$63,656	\$78,188	\$95,484	\$105,190
Loans outstanding	27,687	28,182	28,165	27,238	28,192	33,201	42,133	48,241	55,305	64,104
Shares	29,803	30,768	33,812	35,248	41,352	48,891	57,929	71,616	87,954	96,346
¹ Reserves	1,365	1,426	1,473	1,614	1,773	2,007	2,451	2,884	3,312	3,725
Undivided earnings	485	629	709	906	1,118	1,281	1,582	2,063	2,056	3,023
Gross income	3,201	3,530	3,824	4,681	5,406	6,064	7,454	8,526	9,416	10,158
Operating expenses	1,214	1,428	1,498	1,660	1,822	2,045	2,314	2,674	3,115	3,584
Dividends	1,708	1,982	2,185	2,656	3,185	3,573	4,413	5,090	5,506	5,624
Reserve transfers	150	88	98	1447	147	166	260	282	250	237
Net income	131	153	43	219	244	87	473	521	626	688
Percent Change	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Total assets	17.6	1.7	6.2	4.4	16.1	19.8	16.8	22.8	22.1	10.2
Loans outstanding	22.0	1.8	-7.2	4.1	3.5	17.8	26.9	14.5	14.6	15.9
Savings	16.5	-8.2	9.9	4.2	17.3	20.6	16.1	23.6	22.8	9.5
Reserves	3.0	4.5	3.3	9.6	9.9	13.2	22.1	17.7	14.8	12.5
Undivided earnings	31.1	29.7	12.7	27.8	23.4	14.6	24.3	29.6	21.5	20.6
Gross income	24.1	10.3	8.3	22.4	15.5	12.2	22.9	14.4	10.4	7.9
Operating expenses	25.4	17.6	4.9	10.8	9.8	12.2	13.2	15.6	16.5	15.1
Dividends	23.0	9.1	17.3	21.6	19.9	12.2	23.5	15.3	8.2	2.1
Reserve transfers	7.1	-41.3	11.4	50.0	0.0	12.9	56.6	8.5	-11.3	-5.2
Net income	54.1	16.8	-71.9	409.3	11.4	17.6	64.8	10.1	20.2	9.9
Significant Ratios (%)	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Reserves to assets	3.9	4.0	3.9	4.1	3.9	3.7	3.9	3.7	3.5	3.5
Reserves and undivided earnings to assets	5.3	5.8	5.8	6.4	6.4	6.0	6.4	6.3	6.1	6.4
Reserves to loans	4.9	5.1	5.6	5.9	6.3	6.0	5.8	6.0	6.0	5.8
Loans to shares	92.9	91.6	77.4	77.3	68.2	66.5	72.7	67.4	62.9	66.5
Operating expenses to gross income	37.9	40.5	39.2	35.5	33.7	33.7	31.0	31.4	33.1	35.3
Salaries and benefits to gross income	11.6	14.3	14.7	14.1	14.1	14.4	13.6	13.6	14.1	14.6
Dividends to gross income	53.3	52.7	57.1	56.7	58.9	58.9	58.2	58.7	58.5	55.4
Yield on average assets	11.0	10.1	10.5	12.2	12.8	12.1	11.7	12.0	10.8	10.1
Cost of funds to average assets	5.8	5.9	6.4	7.2	7.5	7.1	7.0	7.2	6.4	5.6
Gross spread	4.2	4.2	4.2	5.1	5.3	5.0	4.7	4.8	4.5	4.5
Net income divided by gross income	4.1	4.3	1.1	4.7	4.5	4.7	6.3	6.1	6.6	6.8
Yield on average loans	10.9	10.9	11.0	12.5	13.6	13.7	12.4	13.5	12.7	11.6
Yield on average investment	8.4	8.6	10.3	12.8	12.3	10.2	11.0	9.5	7.9	7.7

¹ Revised

² Does not include the allowance for loan losses.

Federally Insured State Credit Unions
10 Year Summary, 1978 – 1987

(Dollars amounts in millions as of December 31)

	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Number of Credit Unions	4,362	4,769	4,910	4,994	5,023	4,915	4,645	4,920	4,935	4,957
Number of members	11,479,963	12,218,682	12,337,726	12,954,206	13,113,393	14,277,816	15,205,029	15,689,048	17,362,780	18,285,600
Assets	\$16,657	\$18,460	\$20,870	\$22,584	\$24,089	\$27,479	\$29,188	\$41,525	\$52,244	\$59,560
Loans outstanding	\$14,038	\$15,204	\$14,582	\$15,341	\$15,582	\$17,215	\$19,951	\$26,168	\$30,934	\$37,950
Shares	\$14,316	\$15,871	\$18,469	\$20,007	\$21,636	\$24,297	\$26,327	\$37,917	\$48,097	\$54,200
Reserves	\$889	\$1,014	\$1,086	\$1,191	\$1,250	\$1,341	\$1,409	\$1,781	\$2,147	\$2,600
Undivided earnings	\$282	\$350	\$397	\$508	\$601	\$655	\$728	\$1,065	\$1,253	\$1,570
Gross income	\$1,550	\$1,849	\$2,142	\$2,745	\$2,879	\$3,062	\$3,428	\$4,508	\$5,117	\$5,740
Operating expenses	\$524	\$660	\$760	\$905	\$981	\$1,024	\$1,060	\$1,364	\$1,655	\$1,940
Dividends	\$826	\$899	\$1,218	\$1,554	\$1,584	\$1,747	\$1,975	\$2,684	\$3,004	\$3,180
Regular reserve transfer	N/A	N/A	N/A	\$128	\$131	\$130	\$179	\$227	\$201	\$200
Net income	N/A	N/A	N/A	\$164	\$190	\$165	\$219	\$256	\$288	\$410
Percent Change	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Total assets	21.0	10.8	13.1	8.2	6.7	14.1	6.2	42.3	25.8	14.0
Loans outstanding	25.2	8.3	-4.1	5.2	-0.4	12.6	15.9	31.2	17.8	23.1
Savings	21.8	10.9	16.4	8.3	8.1	12.3	8.4	44.0	26.8	12.7
Reserves	20.0	14.1	7.1	9.7	5.0	7.3	5.1	26.4	20.6	21.1
Undivided earnings	48.4	24.1	13.4	28.0	18.3	9.0	11.1	46.3	17.7	25.3
Gross income	26.7	19.3	15.8	28.2	4.9	6.4	12.0	31.5	13.5	12.2
Operating expenses	25.7	26.0	15.2	19.1	8.4	4.4	3.5	28.7	21.3	17.2
Dividends	40.0	8.8	35.5	27.6	1.9	10.3	13.1	35.9	11.9	5.9
Reserve transfers	N/A	N/A	N/A	N/A	2.3	-0.8	37.7	26.8	-11.5	-0.5
Net income	N/A	N/A	N/A	N/A	15.9	-13.2	32.7	16.9	12.5	42.4
Significant Ratios (%)	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Reserves to assets	5.3	5.5	5.2	5.3	5.2	4.9	4.8	4.3	4.1	4.4
Reserves and undivided earnings to assets	7.0	7.4	7.1	7.5	7.7	7.3	7.3	6.9	6.5	7.0
Reserves to loans	6.3	6.7	7.4	7.8	8.2	7.8	7.1	6.8	7.0	6.9
Loans to shares	98.1	95.8	79.0	76.7	70.6	70.9	75.8	69.0	64.1	70.0
Operating expenses to gross income	33.8	35.7	35.5	33.0	34.1	33.4	30.9	30.3	32.3	33.8
Salaries and benefits to gross income	11.6	14.3	14.7	14.1	14.1	14.4	13.6	13.6	13.9	14.5
Dividends to gross income	53.3	48.6	56.9	56.6	55.0	57.1	57.6	59.5	58.7	55.4
Yield on average assets	11.0	10.1	10.5	12.2	12.8	12.1	11.7	12.0	11.2	10.4
Cost of funds to average assets	5.8	5.9	6.4	7.2	7.5	7.1	7.0	7.2	6.4	5.5
Gross spread	4.2	4.2	4.2	5.1	5.3	5.0	4.7	4.8	4.5	4.3
Net income divided by gross income	N/A	N/A	N/A	6.0	6.6	5.4	6.4	5.7	5.6	7.1
Yield on average loans	10.9	10.9	11.0	12.5	13.6	13.7	12.4	13.5	12.7	11.1
Yield on average investment	8.4	8.6	10.3	12.8	12.3	10.2	11.0	9.5	8.0	7.5

N/A indicates not available.

¹ Estimated, based on 60% of expected returns.

² Does not include the Allowance for Loan Losses.

Corporate Credit

Unions

Federal Corporate Credit Unions December 31, 1987

Corporate name	Assets (in millions)
Western Corporate, Pomona, California	\$2,383
Southwest Corporate, Dallas, Texas	1,402
Capital Corporate, Landover, Maryland	307
League Central of Maine, Portland, Maine	114
Virginia League Corporate, Lynchburg, Virginia	286
Mid-States Corporate, Oak Brook, Illinois	1,725
Southeast Corporate, Tallahassee, Florida	512
Mid-Atlantic Corporate, Harrisburg, Pennsylvania	458
Nebraska Corporate Central, Omaha, Nebraska	98
Indiana Corporate, Indianapolis, Indiana	472
Empire Corporate, Albany, New York	742
Colorado Corporate, Arvada, Colorado	364
South Dakota Corporate Central, Sioux Falls, South Dakota	50
Pacific Corporate, Honolulu, Hawaii	192
Eastern Corporate, Stoneham, Massachusetts	290
LICU Corporate, Endicott, New York	1
Kentucky Corporate, Louisville, Kentucky	133

Federally-Insured State Corporate Credit Unions December 31, 1987

Corporate name	Assets (in millions)
Georgia Central, Atlanta, Georgia	305.1
Ohio League Corporate, Columbus, Ohio	411.6
Minnesota Central, St. Paul, Minnesota	158.1
Oregon Corporate Central, Portland, Oregon	161.5
Corporate CU of Arizona, Phoenix, Arizona	195.4
Oklahoma Corporate, Tulsa, Oklahoma	241.3
Iowa League Corporate, Des Moines, Iowa	204.4
Constitution State Corporate, South Wallingford, Connecticut	419.4
First Carolina Corporate, Greensboro, North Carolina	503.2
Federacion de Cooperativas, San Juan, Puerto Rico	36.6
Alabama Corporate, Birmingham, Alabama	130.9
The Carolina Corporate, Columbia, South Carolina	110.7

**Key Statistics on Federally-Insured
Corporate Credit Unions**

(In millions of dollars)
December 31, 1987

	1983	1984	1985	¹ 1986	1987
Number	29	29	29	29	29
Assets	\$5,937.8	\$6,046.1	\$9,060.6	\$12,182.1	\$12,291.8
Loans	177.1	465.7	459.8	621.0	1,288.0
Shares	5,679.0	5,273.6	8,024.2	10,852.0	10,525.5
Reserves	58.4	71.0	84.1	104.1	124.4
Undivided earnings	24.2	31.2	38.4	45.3	54.0
Gross income	615.5	661.9	663.9	785.5	891.4
Operating expenses	16.7	17.6	21.2	25.4	28.0
Interest on borrowed money	13.6	37.4	45.5	47.9	73.3
Dividends and interest on deposits	565.1	584.9	575.9	685.9	761.7
Reserve transfers	11.2	12.0	10.5	17.2	16.7
Net income	7.6	10.0	11.4	9.0	13.9
SIGNIFICANT RATIOS (%)					
Reserves to assets	1.0	1.2	0.9	0.9	1.0
Reserves and undivided earnings to assets	1.4	1.7	1.4	1.2	1.5
Reserves to loans	33.0	15.2	18.3	16.8	9.7
Loans to shares	3.1	8.8	5.7	5.7	12.2
Operating expenses to gross income	2.7	2.7	3.2	3.2	3.1
Salaries and benefits to gross income	1.0	1.1	1.1	1.1	1.2
Dividends to gross income	91.8	88.4	86.7	87.3	85.4
Yield on average assets	10.3	11.0	8.7	8.7	7.3
Cost of funds to average assets	9.5	10.4	8.1	8.1	6.8
Gross spread	0.8	1.4	0.6	0.6	0.6
Net income divided by gross income	1.2	1.5	1.7	1.1	1.6
Yield on average loans	7.2	12.0	7.8	7.8	7.8
Yield on average investments	10.6	10.8	8.8	8.8	8.8

¹ Revised

Board Members

Roger W. Jepsen, chairman, was nominated by President Ronald Reagan as NCUA chairman and sworn into office October 17, 1985. He was nominated to a full six-year term by President Reagan in 1987. Chairman Jepsen was a member of the U.S. Senate from the state of Iowa from 1979 to 1984, where he was a member of the Armed Services Committee, the Agriculture, Nutrition and Forestry Committee and the Joint Economic Committee, which he chaired for two years. He served two terms as lieutenant governor of Iowa and four years as supervisor of Scott County. His career has included education, insurance, agribusiness and marketing. A native of Cedar Falls, he served in the 82nd Airborne Division of the U.S. Army in 1946-1947. He attended Iowa State Teachers College and received his bachelor's degree and master's degree with honors from Arizona State University, Tempe.

Elizabeth F. Burkhart, vice chairman, was appointed by President Reagan in 1982 and nominated by him for a full six-term in 1985. She was named vice chairman in 1987. Mrs. Burkhart came to Washington, D.C., from Texas to be deputy treasurer of the Reagan-Bush Campaign Committee and was named associate deputy administrator of the Veterans Administration in 1981. Her career included teaching, two years in the Marine Corps and 10 years at the Texas Commerce Bank, Houston. She graduated from Midwestern University, received a master's degree in business administration from Houston Baptist University and attended Southwestern Graduate School of Banking at Southern Methodist University, Dallas.

P. A. Mack Jr. served as a member of the Board from 1979 until his resignation August 31, 1987. He served as acting chairman from April to October 1985 and as vice chairman from 1985 until he resigned to become president of a credit union organized by the American Association of Retired Persons. Before coming to NCUA, he was administrative assistant to Senator Birch Bayh of Indiana from 1971 to 1979 and had been associated with banks in Illinois. His career included university teaching and he has owned and managed Mack Farms, Delavan, Ill., since 1955.

Officers

Roger W. Jepsen
Chairman

Elizabeth F. Burkhart
Vice Chairman

Donald E. Johnson
Executive Director

Rebecca J. Baker
Secretary of the Board

Susan L. Nelowet
Executive Assistant to the Chairman

Harry J. Blaisdell
Executive Assistant
to the Vice Chairman

Charles H. Bradford
Chief Economist

Robert M. Fenner
General Counsel

D. Michael Riley
Director
Office of Examination and
Insurance

Robert E. Loftus
Director
Office of Public and Congressional
Affairs

Herbert S. Yolles
Controller

Joan E. Perry
Internal Auditor

Benny R. Henson
Director
Office of Administration

Joseph W. Visconti
Director
Office of Information Systems

Dorothy W. Foster
Director
Office of Personnel

Foster C. Bryan
Director
Region I

Harvey J. Baine III
Director
Region II

John S. Ruffin
Director
Region III

H. Allen Carver
Director
Region IV

J. Leonard Skiles
Director
Region V

Robert J. LaPorte
Director
Region VI

Offices

Central Office

1776 G St. N.W.
Washington, D.C. 20456
202/357-1100

Region I

9 Washington Square
Washington Ave. Extension
Albany, N.Y. 12205
518/472-4554

Region II

1776 G St. N.W. #800
Washington, D.C. 20006
202/682-1900

Region III

1365 Peachtree St. N.W. #540
Atlanta, Ga. 30367
404/347-3127

Region IV

230 South Dearborn #3346
Chicago, Ill. 60604
312/886-9697

Region V

4807 Spicewood Springs Rd.
Stillhouse Canyon Bldg. #5
Austin, Texas 78759
512/482-4500

320 6th St. #202
Sioux City, Iowa 51101
712/233-3233

Region VI

2890 North Main St. #101
Walnut Creek, Calif. 94596
415/486-3490

Regions

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Vermont
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District of Columbia
Maryland
Pennsylvania
Virginia
West Virginia

Region III

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Louisiana
Mississippi
North Carolina
South Carolina
Tennessee

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Indiana
Michigan
Missouri
Ohio
Wisconsin

Region V

Arizona
Colorado
Iowa
Kansas
Minnesota
Nebraska
New Mexico
North Dakota
Oklahoma
South Dakota
Texas
Utah
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